

ROLLING BACK REFORM:

THE PENCE-WYNN REPEAL OF OUR CAMPAIGN FINANCE LAWS

The House Administration Committee recently passed legislation, the Ney-Pence-Wynn bill, to radically repeal large portions of campaign finance laws enacted since the Watergate scandal.

The bill, deceptively titled the "527 Fairness Act", has little to do with 527s. In fact, it is a huge and destructive step backwards for the nation's campaign finance laws including the original 1974 legislation and the 2002 Bipartisan Campaign Finance Reform.

The Ney-Pence-Wynn bill is a sweeping effort to gut the heart of our country's campaign finance laws that would allow politicians to raise, distribute, and direct large amounts of money in a manner that is inherently corrupting. Support for the Ney-Pence-Wynn bill constitutes a complete reversal of any previous vote in favor of campaign finance reform.

Key Effects of the Pence-Wynn Reform Rollback

- 1** Repeal critical anti-corruption campaign finance laws enacted in 1974 in response to the Watergate scandals
- 2** Fundamentally undermine the Bipartisan Campaign Reform Act, passed in 2002 by substantial majorities in the House and Senate, signed by President Bush and upheld by the Supreme Court
- 3** Re-open the door to individuals giving and federal officeholders soliciting million-dollar contributions for federal elections.

Key Provisions of the Pence-Wynn Reform Rollback Legislation

✕ Allows an Individual to Funnel Up to \$1 Million a Year to a Single Candidate

The bill allows a single individual to contribute more than \$1 million to political party committees in a two-year election cycle. The current amount one individual can give to all parties in a cycle is \$60,400. Because there are no limits on money transfers between party committees and the bill repeals the limits on spending by a party in coordination with a candidate, a \$1 million contribution could be solicited by a federal candidate (like the President or a member of Congress) from a single individual and then funneled for use on a single campaign. This would be a new form of soft money laundering intended to bypass the limit of \$4,200 that an individual can give to a candidate.

✘ Allows Federal Officeholders to Solicit -- and Influence-Seeking Individuals to Give -- Huge Contributions

The bill allows a federal officeholder to solicit up to \$3 million from a single influence-seeking individual in a two-year cycle for the officeholder's party and its federal candidates.

✘ Radically Increases an Individual's Total Federal Campaign Contributions

The bill allows a single individual to contribute a total of over \$4 million to federal candidates in a two-year election cycle. Under current rules, an individual is limited to \$40,000 in contributions to all federal candidates per cycle. The bill allows an influence-seeking individual to give up to \$6 million in a two-year cycle to both major parties and their candidates. This is a sixty-fold increase in the \$101,400 that an individual can give to candidates and their parties under existing law.

✘ Exempts the Internet from Campaign Finance Laws

The bill allows a candidate to control the spending of an unlimited amount of soft money on paid ad campaigns on the internet to support the candidate's campaign, while the candidate's ad campaigns on other forms of media are required to be paid for with hard money.

✘ Massively Increases Trade Association Fundraising

Under current law, the executive personnel and shareholders of a corporation may be solicited by only one trade association each year, regardless of the number of trade associations to which the corporation belongs. The bill allows for an unlimited number of trade associations to solicit corporate employees.

✘ Increases PAC Contributions, Decreases PAC Restrictions

The bill increases the amount special interest PACs can contribute to candidates by 50% (from 10,000 to 15,000). It also allows PACs to funnel money back into campaigns by laundering them through third party committees.

✘ Allows Federal Candidates to Solicit State Soft Money Contributions

The bill allows federal candidates to solicit unlimited amounts of soft money contributions from corporations, labor unions, and wealthy individuals at state party events.

✘ Allows Soft Money to Pay for Sham Issue Ads

The bill opens a new soft money loophole allowing trade associations, labor unions, and advocacy groups to use unlimited individual soft money contributions to broadcast sham issue ads promoting and attacking federal candidates in the 60 days before an election.